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Are "How-To" Books Out of Vogue? A Customer Value Analysis and Industry Profile of Informational Cable Networks

April Michelle Caylor
University of Tennessee - Knoxville

Appendix D - **UNIVERSITY HONORS PROGRAM**
SENIOR PROJECT - APPROVAL

Name: April Caylor

College: Business Department: Marketing

Faculty Mentor: Dr. Sarah Gardial

PROJECT TITLE: Are "How-To" Books Out of Vogue? A Customer Value Analysis and Industry Profile of Informational Cable Networks

I have reviewed this completed senior honors thesis with this student and certify that it is a project commensurate with honors level undergraduate research in this field.

Signed: Sarah Gardial, Faculty Mentor

Date: 5/3/99

Comments (Optional):

April has done a very nice job with the project. The level of professionalism with which she carried out and reported this project is exceptional. I rarely get to see this caliber of work from an undergraduate student.

Nicely done. An excellent example of market research and strategic recommendations.

Are "How-To" Books Out of Vogue?

A Customer Value Analysis and Industry Profile of Informational Cable Networks

Conducted for Home & Garden Television

April Caylor
Senior Project
Honors Program
University of Tennessee, Knoxville

Faculty Mentor:
Dr. Sarah Gardial

Abstract

As people begin to seek information rather than simply entertainment from sources such as television and the Internet, so-called informational networks continue to grow in number and in popularity. Category television, especially having to do with home and lifestyle issues, has grown in leaps and bounds in recent years, and with the bridge between television and the Internet becoming available, this growth will likely compound in the coming millenium. With such growth and potential in the category of home and lifestyle informational television, now is an opportune time to begin looking at how well users of this category are being served. This study was completed for the use of executives at Home & Garden Television. Its purpose is to first define who are the viewers of informational cable networks and to determine what qualities of networks and programming are most important to them and assess how well the current networks are performing, then to make recommendations based on the findings. The study was conducted in three phases. The first phase consisted of determining which networks to study, the second focused on creating a basic value hierarchy for those interested in informational programming, and the third phase consisted of a survey of 225 people to determine usage information for the networks. After the completion of the three phases, all data was analyzed and conclusions were drawn. Recommendations are then made as to how HGTV can take advantage of its strengths and minimize its weaknesses. Opportunities and threats are also examined.

Table of Contents

Appendices Contents

Introduction

As people begin to seek information rather than simply entertainment from sources such as television and the Internet, so-called informational networks continue to grow in number and in popularity. In many cases these days, people seek "how-to" knowledge not from professionals or books as has been done in the past, but from the large number of resources available at the click of the remote or the mouse. The cable networks and websites that have jumped on this bandwagon have enjoyed great success to date; however, the ascent of this category to the top has left little time for questions of quality and satisfaction from the viewpoint of the user. The popularity of informational cable networks raises some interesting questions for networks already in existence and those in development stages. Category television, especially having to do with home and lifestyle issues, has grown in leaps and bounds in recent years, and with the bridge between television and the Internet becoming available, this growth will likely compound in the coming millenium. In fact, more than one third of all U.S. homeowners are projected to spend at least $175 billion on home renovations this year—an all time high. With the average American home over 27 years old, it is no wonder there is such an interest in home improvements. Another important point is that more people can afford to invest in their homes now with the cost of credit very low and availability very high.[1] With such growth and potential in the category of home and lifestyle informational television, now is an opportune time to begin looking at how well users of this category are being served.

Purpose and Methodology

This study was completed for the use of executives at Home & Garden Television. Its purpose is to first define who are the viewers of informational cable networks and to determine what qualities of networks and programming are most important to them and assess how well the current networks are performing, then to make recommendations based on the findings. The study was conducted in three phases. The first phase consisted of determining which networks to study, the second focused on creating a basic value hierarchy for those interested in informational programming, and the third phase consisted of a survey of 225 people to determine usage information for the networks. After the completion of the three phases, all data was analyzed and conclusions were drawn. Recommendations are then made as to how HGTV can take advantage of its strengths and minimize its weaknesses. Opportunities and threats are also examined.

Definition of Informational Cable Networks

Defining which cable networks to include as "informational" in this study was not an easy task. First, the meaning of "informational" had to be determined. Many networks provide information on some level. E! Entertainment network provides information on Hollywood, updates viewers on the latest gossip, and gives advice on fashion. ESPN and ESPN2 provide information on sports. While both of these networks do provide information, these categories are old news. To better target this effort, this study focuses on networks that provide information and how-to advice on home and lifestyle since this is the area on which Home & Garden Television focuses. For the purposes of this study, informational networks are those that feature programming to inform, assist, and teach viewers about their homes, lifestyles, and activities in a meaningful way with at least 8 hours of regularly scheduled programming on these topics per week. I found four networks that meet these criteria: Discovery Channel, Food Network, Home & Garden Television, and The Learning Channel. Oddly enough, two companies own these four networks. Discovery Channel and The Learning Channel are operated by Discovery Communications, and the E.W. Scripps Company operates the Food Network and Home & Garden television.

With the exception of the Discovery Channel, which was launched in 1985, all of these categorical informational networks began in the 1990's. The Learning Channel launched in 1991, the Food Network in 1993, and Home & Garden Television in 1994.[2] The viewers of all four networks are very close in terms of demographics, according to MediaMark Research data. The median age of viewers of all these networks is between 40 and 45 years. Likewise, the median household income ranges between $48,000 and close to $53,000, well over the median household income of $42,000 for the average adult. Differences come into play in the more specific categories, such as homeownership, county size, and percent composition of viewers by sex.[3] For a viewer profile for each network, see Appendix A. The number of subscribers for each network, which corresponds to the availability of the networks to potential viewers, serves as a point of differentiation. The Discovery Channel leads the count with 76,055,000 subscribers, The Learning Channel has 68,964,000, Home & Garden Television reaches 51,891,000 homes, and the Food Network can be seen in 39,141,000 homes.[4] Clearly, Discovery has an advantage over the Food Network as it can be seen in 76% of 99,600,000 homes, whereas only about 40% of U.S. homes have the opportunity to view the Food Network. This distribution can have a serious impact on viewership rates and profitability as well as perceived value for the consumer.

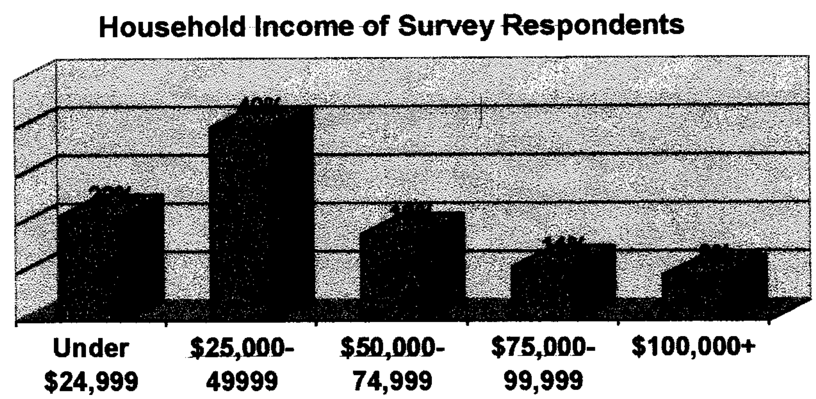
Primary Research

In the second phase of the study, I conducted laddering interviews with twelve viewers of informational networks to determine what characteristics about the networks are most valuable and to determine what value and end states consumers seek. The subjects for the laddering interviews consisted of a convenience sample of contacts who watch four or more hours of informational cable per week, a standard consistent with most standard heavy cable viewing criteria in media research. Three subjects from each of three different age categories were interviewed. The age categories were based on standard demographic breaks and included 18-34 years, 35-54 years, and 55+ years. Interviews were conducted according to a standard outline and lasted on average 15 minutes. (See Appendix B) From the interviews, it was determined that the most important attributes in watching informational television were step by step instructions, a variety of ways to obtain more information beyond just the show, and expert hosts. The values include learning how to do things, convenience, variety of topics, the ability to do new things, saving money, inspiration, and having fun. The most prevalent desired end states include recognition for the accomplishment of a project, a sense of accomplishment, and creating a nice environment for the home and family.

From the findings of the laddering interviews, a survey was developed to probe further into the interests and preferences of the viewers of informational programs. (See Appendix C) The survey was then completed by just over 200 people in a shopping mall in Knoxville, TN. Three visits in one week to Knoxville Center produced two hundred twenty-five respondents. By surveying respondents at the mall on Sunday, Tuesday, and Saturday, I hoped to avoid any bias in respondents who may be prone to shopping at the mall on certain days of the week. Each visit occurred between the hours of 12 p.m. and 4 p.m. I approached shoppers at random to obtain a cross-section of those who were shopping. Upon completion of the survey implementation, the surveys were input into SPSS for statistical analysis.

Of those who responded to the survey, 39% were male and 61% were female. The respondents were divided into three age segments; 39% fell between the ages of 18 and 34, 37% were between 35 and 54, and 24% were 55 years of age or older. Possibly because of the large number of younger respondents, the household income of those who responded were primarily on the lower end of the scale. (See Figure 1)
Nearly 75% of the respondents were homeowners, 56% were married, and 60% had no children living in their homes. The respondent education levels included 34% high

Figure 1



school graduates, 19% with some college, 36% college graduates, and 11% with graduate school. Finally, the distribution of the respondents by the area in which they reside was mainly suburban (66%), with 20% in urban areas and 14% rural. The variety in these overall demographic characteristics should contribute to a meaningful understanding of the viewers of informational cable television. (See Appendix C)

Analysis of Data

One of the most important things to notice when conducting a value analysis of any product or service is which characteristics or attributes of the product or service are most important to the users. This step was not overlooked in this study. First, the most important characteristics of informational television to the respondent base as a whole are shown in the following table. From Figure 2, it is apparent that the most important characteristic of the networks to the total population of users is the availability of useful information, which was rated at 4.51 in importance, followed closely by step by step instruction and expert hosts, which tied for the second most important attribute with a rating of 4.11. The least important quality of the network by far is state-of-the-art projects, designs, or techniques. This category received a rating of only 2.88 on a scale of 5.

The next thing to look at is the performance of all four networks against these importance ratings. Figure 2, seen below, also shows the effectiveness of the Discovery Channel, the Food Network, Home & Garden Television, and the Learning Channel. The percentage of survey respondents who actually viewed each of these networks is important in looking at the results as those networks with smaller respondent bases may have a slight disadvantage in this analysis. Sixty-three percent of respondents viewed the Discovery Channel in the past month, while 77% watched Home & Garden Television. Only 53% watched the Learning Channel and only 52% viewed the Food Network. For the Learning Channel and the Food Network, this means that just over 100 respondents answered the questions relevant to each network. The small sample size may not be very reliable for major decisions; however, they should give an idea of areas for improvement in the networks.

Figure 2 **Total Market for Category Television**

Attribute	Importance Rating	Discovery Effectiveness Rating	Food Network Effectiveness Rating	Home & Garden Television Effectiveness Rating	The Learning Channel Effectiveness Rating
Step by Step Instruction	4.10	2.55	1.84	3.18	2.14
Useful Information	4.51	2.55	1.92	3.46	2.06
Do-It-Yourself Capability	3.86	2.31	1.73	3.13	2.57
Expert Host	4.11	2.43	2.93	3.26	2.00
Geared to Average Style/$	3.66	2.33	1.60	3.16	1.96
Realistic Projects	3.83	2.40	1.60	3.28	1.92
Styles You Want	3.89	2.28	1.81	3.19	1.95
State-of-the-Art	2.88	2.99	1.84	2.73	1.64
Entertaining Host	3.82	2.39	2.30	3.37	2.01

*Importance: Based on scale of 1 to 5. 1=Very Unimportant; 5=Very Important. Effectiveness: Based on scale of 1 to 5. 1=Very Ineffective; 5=Very Effective.

Based on the effectiveness ratings, HGTV is obviously outperforming the other three networks in all of categories measured except state-of-the-art, which just so happens to be the attribute ranked as the least important by the overall market. In the category of useful information, the most important category to the total market surveyed, Home & Garden received the highest effectiveness rating in the for the entire segment at 3.46. While the network is obviously outperforming the competition, a 3.46 definitely leaves room for improvement. HGTV also does quite well in the categories for step by step instruction and expert host, the two categories ranked as second in terms of importance to the audience. Again, although the network outperforms the competition in the eyes of the consumers, there is considerable room for improvement.

The Discovery Channel ranks second in terms of effectiveness for all categories but state-of-the-art, where it is most effective, and do-it-yourself capability, where it is third behind the Learning Channel. Discovery tends to be in the 2 range on its effectiveness ratings. These ratings clearly indicate that Discovery needs to work to improve first in those areas most important to consumers then to beat Home & Garden

Television in the overall marketplace. The ratings for the Learning Channel and the Food Network are very unsettling. Both networks received average effectiveness ratings in the 1.5 to 2.0 range. These ratings not only do not compete with the ratings for the other networks, but also indicate that TLC and Food are not meeting the needs of the market.

Now that we have an idea of where each network stands within the entire do-it-yourself informational category of television, we must examine how the networks perform in each of five key market segments to determine the most effective positioning strategy for each network. The five segments—cooks, gardeners, builders/remodelers, crafters, and decorators—will indicate how well each network performs within each category. Because it only airs food related programming, The Food Network will be excluded from consideration in all segments except the cooks segment. In all five segments, only those who said they were very interested in a category were analyzed in determining importance and effectiveness ratings.

The first segment to examine was cooks, which comprised 29.3% of respondents based on an indication that they were very interested in food/cooking programs. Figure 3 summarizes the importance and effectiveness ratings given by this group. According to viewers who are very interested in food/cooking programs, the top three most important qualities of a food/cooking program are useful information, entertaining host, and step by step instruction. Home & Garden Television and Discovery Channel lead the ratings for useful information; however, the Food Network is not far behind these two. Most likely, the difference is not statistically significant, so all three are fairly equal. In the category of entertaining host, the story changes drastically. The Food Network leads this category soundly, with a 4.78, followed by the Learning Channel and Home &Garden. This lead is likely due to the Food Network's charismatic and very popular

Emeril Lagassi, who hosts two shows for the network. The third category, step by step instruction, the Food Network ranks considerably lower than the other three networks. These results indicate that the Food Network needs to key into these important priorities and communicate their commitment and quality performance in these areas to viewers and potential viewers. Because the cooks segment is the Food Network's only niche, the channel should work to improve to first in every category, especially those ranked most important, then the company should work to raise the evaluation ratings to as close to "very effective" as possible. The other networks performing in this category had fairly equal performance evaluations.

Figure 3

Cooks Segment of Category Television Market

Attribute	Importance Rating	Discovery Effectiveness Rating	Food Network Effectiveness Rating	Home & Garden Television Effectiveness Rating	The Learning Channel Effectiveness Rating
Step by Step Instruction	**3.88**	4.08	3.62	4.13	4.08
Useful Information	**4.09**	4.35	4.11	4.39	3.75
Do-It-Yourself Capability	**3.45**	3.75	3.49	2.70	3.83
Expert Host	**3.80**	3.90	4.73	4.00	3.92
Geared to Average Style/$	**3.55**	3.68	3.38	3.91	3.75
Realistic Projects	**3.60**	4.08	3.44	4.02	3.50
Styles You Want	**3.27**	3.78	4.11	4.20	3.50
State-of-the-Art	**3.14**	2.95	3.98	3.39	2.83
Entertaining Host	**3.97**	3.53	4.78	4.33	4.00

*Importance: Based on scale of 1 to 5. 1=Very Unimportant; 5=Very Important. Effectiveness: Based on scale of 1 to 5. 1=Very Ineffective; 5=Very Effective.

The next segment to examine is the gardener segment, which comprised 30.2% of survey respondents. The top priorities for this segment include useful information, step by step instruction, and an expert host. Discovery, HGTV, and TLC all air gardening programming, so all three networks are included in the analysis of this segment. In the category of useful information, HGTV leads the way with an effectiveness rating of 4.64. Discovery and TLC rated very well also, with each receiving above a 4.00 in effectiveness. In the second category, step by step instruction, The Learning Channel leads Home & Garden by just a hundredth of a point, indicating that the two networks are perceived to be equal in performance in this area. The Discovery Network also rates above 4.00 in this category as well, with a 4.05. In the third most important attribute, Home & Garden is perceived to have done a better job of providing expert hosts on its programs. In this category, HGTV leads TLC and Discovery by quite a bit. In this particular segment, it appears that all three networks are achieving a high level of customer satisfaction. This is definitely a very competitive segment for the networks, and slight increases in quality or the perception thereof could launch one network into a new world of success with gardeners.

Figure 4 **Gardeners Segment of Category Television Market**

Attribute	Importance Rating	Discovery Effectiveness Rating	Home & Garden Television Effectiveness Rating	The Learning Channel Effectiveness Rating
Step by Step Instruction	4.35	4.05	4.20	4.21
Useful Information	4.66	4.21	4.64	4.15
Do-It-Yourself Capability	4.10	3.81	4.36	4.09
Expert Host	4.19	3.79	4.22	3.94
Geared to Average Style/$	3.81	3.68	4.15	4.02
Realistic Projects	4.09	3.75	4.36	3.81
Styles You Want	3.82	3.46	4.42	3.68
State-of-the-Art	3.13	3.25	3.49	3.36
Entertaining Host	4.03	3.84	4.18	3.94

*Importance: Based on scale of 1 to 5. 1=Very Unimportant; 5=Very Important. Effectiveness: Based on scale of 1 to 5. 1=Very Ineffective; 5=Very Effective

Within the builder/remodeler segment of the category television market (31.1% of respondents), there are once again three primary competitors. The three most important categories in the eyes of the members of this segment include useful information, step by step instruction, and do-it-yourself capability. Home & Garden Television leads the competition in all three categories, but the competition is not far behind. Both the

Discovery Network and the Learning Channel received very high effectiveness ratings in all three categories. Because of the growth in the popularity of do-it-yourself remodeling and building of homes, this category is the one in which there is probably the greatest amount of growth potential. At this point any one of the three networks could become the authority for this segment. The determining factor in which network it will be relates to the effectiveness of the networks in meeting consumer needs in the most satisfying way. Clearly, no matter who dominates in the future, this category is very important to the success of all three networks.

Figure 5 Builder/Remodeler Segment of Category Television Market

Attribute	Importance Rating	Discovery Effectiveness Rating	Home & Garden Television Effectiveness Rating	The Learning Channel Effectiveness Rating
Step by Step Instruction	4.66	4.24	4.29	4.07
Useful Information	4.69	4.31	4.63	4.04
Do-It-Yourself Capability	4.49	4.12	4.29	4.20
Expert Host	4.03	4.06	4.15	3.82
Geared to Average Style/$	3.53	3.84	4.15	3.98
Realistic Projects	4.06	4.24	4.44	4.04
Styles You Want	3.94	3.71	4.04	3.93
State-of-the-Art	2.97	3.22	3.40	3.42
Entertaining Host	3.51	3.98	3.88	3.87

*Importance: Based on scale of 1 to 5. 1=Very Unimportant; 5=Very Important. Effectiveness: Based on scale of 1 to 5. 1=Very Ineffective; 5=Very Effective.

The fourth segment, the decorators, identifies slightly different attributes as the most important. This segment contains 32% of survey respondents. Of course useful information tops the list, but styles they want is second in importance, followed by an expert host. The differences in which attributes are most important between segments are very interesting and very relevant. Because decorating is more "soft" in nature than the other skills demonstrated on the informational category television networks, it becomes more important for viewers to see styles that appeal specifically to them to help them make their homes more cozy. This attribute could serve as a key point of differentiation for a network. In this category, HGTV is once again the leader in all three categories. In fact, there is a greater difference in the effectiveness ratings between networks in this segment than in any other. One possible reason for the difference is Home & Garden Television's effective branding of its decorating and home design programming into programming blocks known as "Design at 9:00" and "Design Time Saturday Night." Neither Discovery nor the Learning Channel works position their similar programs in a targeted manner like HGTV.

Figure 6 **Decorator Segment of Category Television Market**

Attribute	Importance Rating	Discovery Effectiveness Rating	Home & Garden Television Effectiveness Rating	The Learning Channel Effectiveness Rating
Step by Step Instruction	3.72	4.23	4.02	3.55
Useful Information	4.53	4.31	4.59	3.36
Do-It-Yourself Capability	3.92	3.89	3.97	3.00
Expert Host	4.14	3.71	4.39	3.36
Geared to Average Style/$	3.75	3.89	4.17	3.91
Realistic Projects	3.99	3.77	4.23	3.82
Styles You Want	4.26	3.71	4.35	3.55
State-of-the-Art	3.74	3.14	3.42	3.00
Entertaining Host	2.71	4.14	4.41	4.00

*Importance: Based on scale of 1 to 5. 1=Very Unimportant; 5=Very Important. Effectiveness: Based on scale of 1 to 5. 1=Very Ineffective; 5=Very Effective.

Crafters comprise the final segment analyzed, with 24.4% of respondents claiming to be very interested. This segment identified its top three attributes in terms of importance to be useful information, step by step instruction, and do-it-yourself capability. Due to the nature of crafts, these choices make perfect sense. In this category, the Discovery Network seems to be outperforming Home & Garden and the Learning Channel. In two of the most important attributes, Discovery achieved the highest effectiveness rating. Home & Garden also is a strong presence in this category, but the Learning Channel ranks significantly lower in the most important areas. This category seems to be among the least important to the networks, since craft and hobby programs comprise the lowest percentage of total day programming for all networks.

Figure 7 **Crafter Segment of Category Television Market**

Attribute	Importance Rating	Discovery Effectiveness Rating	Home & Garden Television Effectiveness Rating	The Learning Channel Effectiveness Rating
Step by Step Instruction	4.56	4.50	4.27	3.97
Useful Information	4.73	4.71	4.70	4.03
Do-It-Yourself Capability	4.24	4.12	4.20	4.18
Expert Host	3.82	4.12	4.16	3.23
Geared to Average Style/$	3.82	3.95	4.18	3.49
Realistic Projects	4.04	4.19	4.20	3.33
Styles You Want	3.87	4.02	3.93	3.90
State-of-the-Art	2.58	3.29	3.34	3.05
Entertaining Host	3.64	3.81	4.34	4.13

*Importance: Based on scale of 1 to 5. 1=Very Unimportant; 5=Very Important. Effectiveness: Based on scale of 1 to 5. 1=Very Ineffective; 5=Very Effective.

There are a few important things to remember about all of the analysis that has been done. First, because this was not a random sample and the sample size was so low, these results are not statistically sound. While they may not be accurate enough to base major decisions on, the results do give an idea of how well these networks meet the needs of consumers. Second, the ratings for effectiveness are for the most part very high, but no network received a rating anywhere near a five that would indicate perfect effectiveness in a category. For this reason, even though a network may lead its competition in customer satisfaction, until the effectiveness ratings in all categories are fives, the network should work first to improve performance in those areas designated by consumers as most important then work to the least important areas. By taking this approach, a network will continually work to improve its quality and will therefore satisfy and maintain and gain viewers to ensure long-term viability.

Recommendations

Because Home & Garden Television leads its competitors in most categories in all segments, one of the network's main objectives should be to communicate this superiority to the viewers of category television through a consumer advertising campaign. This campaign could inform potential viewers of the advantages and benefits of watching HGTV. In the overall market, HGTV is outperforming the competition by a significant amount. Instead of worrying about competitors, the network should work to increase its advantage by working to achieve perfect effectiveness in the most important attributes. In this case, useful information, step by step instruction, and an expert host were most important. Home & Garden can work to achieve perfect effectiveness in these areas in two ways: by actually increasing the quality of these attributes or by increasing the viewers' perception of the quality of these attributes. Once perfect effectiveness has been attained in the most important attributes, HGTV should begin working to improve in the other areas.

In the specific market segments served by the network, many of the same attributes were mentioned as most important over and over again. Within the cooks segment of the market, HGTV is at its weakest even though the network still performs better than the competition in several categories. The Food Network is the overall leader in this category, which seems logical since the network is dedicated to serving the needs of this segment. Since the Food Network is a sister company also owned by the E.W. Scripps Co., the best strategy for Home & Garden within this segment is to minimize its programming and focus on this segment to avoid cannibalizing the viewer base from the Food Network. Because HGTV does little programming for this segment of the market, the network will be best served to focus instead on the lifestyle aspects of entertaining rather than on cooking instruction. Interestingly enough, HGTV does least well in the do-it-yourself capability of its cooking programs anyway.

The next segment, gardeners, is particularly strong for HGTV. The network leads the competition in all segments. One strength in this segment is the network's rating for useful information. One way to capitalize on this phenomenal strength would be to advertise to its viewers and nonviewers that it beats the competition in consumer surveys in the category "provides useful information." Incidentally, this attribute is the one ranked most important by consumers within this segment. Although HGTV leads in all categories in this segment, TLC is close behind in the ratings. In order to prevent a loss of viewership to this network, HGTV needs to maintain its edge and continue to build the consumer perception of its superiority. This can be accomplished by working to program the network with consumer preferences in mind and by surveying gardeners further to determine what subjects are most interesting to them. Additionally, by keeping the viewers involved, they are less likely to switch to a competing network. One suggestion for this area is to develop contests that will appeal to this group such as gardening competitions for who created the most beautiful garden while meeting certain requirements then showcasing the winner's garden on the network. This would generate excitement and added value for the network.

The builder/remodeler segment of the category television market is the most heavily competitive. All three networks competing in this segment are very close in effectiveness ratings on all categories. Because of the close competition, Home & Garden needs to take action to differentiate itself from the Discovery Channel and The Learning Channel. This task could be accomplished by offering more of what consumers want based on further research into consumer preferences on topical programming areas. Also, HGTV could continue to build on the idea of adding value for its viewers by offering contests, sweepstakes, and other promotions to generate excitement and build the perception of value within users of the category. Other ideas include developing strategic partnerships with home improvement stores and with home building and remodeling professional organizations. These partnerships could help HGTV establish itself as the authority on building and remodeling.

The decorator segment of this market has the greatest mass appeal to the general population. This topic area appeals to young as well as old, homeowners and renters. While not everyone is in a position to have a garden or to build or remodel their home, most everyone can glean some useful information as to how to make their homes more enjoyable. For this reason, there is tremendous competition among the three networks to reach this segment. If a network can develop the loyalty of viewers interested in this segment, the network will be able to cross sell its other programs when the consumers in this segment gain interest in the other topical areas. This segment, therefore, is very valuable. As in the other very competitive segments, it will be important for HGTV to continue to establish its authority in the subject areas. The network has a good start on doing so with its branded decorating blocks of programming. The advantage could be expanded by further building awareness of this quality through advertising. While working to achieve perfect effectiveness, HGTV can fend off its competition by building the perception of value for its decorating programs in the ways mentioned above.

The final segment, crafters, is the smallest and the oldest in age. This segment has tremendous loyalty. This is the only segment in which HGTV is beaten in the categories rated most important. HGTV must assess the value of this segment to its viewer base. Because of its older skew and smaller size, the network should look into whether resources would be better spent targeting the younger, larger segments where it is strongest. If HGTV determines that it wants to remain competitive in this segment, the network must evaluate how best to serve this group then work to increase its effectiveness and to beat the competition. The network is strong in this category, and through some further research, the network could definitely find ways to better serve this group.

Because of its strength in the home and lifestyle categories, Home & Garden Television could make use of some key opportunities. One of these opportunities is to capitalize on the synergies between HGTV and the Food Network. These two networks have an opportunity to develop programming and promotions that tie-in to one another. By developing themed programming/promotional periods, the two networks could encourage viewers to use both networks as information sources. For example, on Memorial Day weekend, HGTV could air programming on how to decorate your home for a big party, and viewers could then be directed to the Food Network for ideas on what appetizers, entrees, and desserts to serve. Clearly, this would help increase viewership on both networks.

Another opportunity for HGTV is the use of strategic partnerships with home improvement stores as well as sponsorship opportunities within auto racing. Prior research has demonstrated that the people who are likely to participate in home improvement and remodeling activities are also most likely to be fans of NASCAR. By sponsoring a driver on the racing circuit, HGTV could increase awareness of the network among those most likely to use the resource. This sponsorship activity would be a unique way to reach the target audience and could be done in conjunction with home improvement stores to reduce risk and costs. The home improvement stores could be a resource for developing viewer promotions as well. By cosponsoring contests, both the network and the stores benefit.

There is one key threat that should concern Home & Garden Television. The growing use of the Internet as an information resource may reduce the number of people who are willing to wait for a program to air when they can get information on demand at the click of a mouse. Home & Garden Television should be concerned about this possibility; however, there are some opportunities within this threat. First, the network could develop a synergy with its website by offering the information available on its programs in step by step detail on the network's website. The two would be designed to work together to help viewers complete projects. By being proactive to this trend, HGTV should be able to minimize any real loss of viewership. As always, other threats include new entrants to the market, but the network can combat this threat by maintaining a high level of performance and working to continually exceed the expectations of viewers.

Conclusion

Home & Garden Television is doing quite well in the overall market as well as in the individual segments. By paying attention to the results of this study, implementing actions to further strengthen the network's image, and continuing to research ways to better serve its audience, the network will have no trouble leading this category into the new millenium.

[1] Kim Clark, "We're on a Remodeling Roll; Advice to Help Homeowners," Cover Story 2/15/99, U.S. News Online, Available at: http://www.usnews.com/usnews/issue/990215/nycu/15tren.htm, Accessed 11 April 199 9.
[2] Paul Kagan and Associates.
[3] 1998 Fall MediaMark Research Inc.
[4] Nielsen Media Research, Installed Subscriber Count, April 1999.

Works Cited

"Cable Network Launch Dates." Paul Kagan and Associates. 1999.

Clark, Kim. "We're on a Remodeling Roll; Advice to Help Homeowners." Cover Story, 15 Feb. 1999 U.S. News Online, Available at: http://www.usnews.com/usnews/issue/990215/nycu/15tren.htm. Accessed 11 April 1999.

Fall 1998 Database. MediaMark Research Inc.

Installed Subscriber Count for April 1999. Nielsen Media Research.

Network Profile

Founded: June 1985[1]

Subscribers (000): 76,055[2]

Viewer Characteristics[3]

Age

Median Age: 43.5 years
Age18-24: 10%
Age 25-34: 20%
Age 35-44: 24%
Age 45-54: 19%
Age 55-64: 12%
Age 65+: 15%

Sex

Men: 52%
Women: 48%
Parents: 35%

Education

High School Graduate: 34%
Attended College: 29%
Graduated College Plus: 24%
Post Graduate: 8%

Income

Median HHI: $48,746.50
HHI $50K+: 48%
HHI $75K+: 25%
HHI $100K+: 13%

Homeownership

Median Home Value: $109,775.10
Homeowners: 76%
County Size A: 39%
County Size B: 32%
County Size C: 15%
County Size D: 14%

Employment

Work Full Time: 60%
Professional/Managerial: 22%

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[1] Paul Kagan & Associates.
[2] Nielsen Media Research, Installed Subscriber Count, April 1999.
[3] 1998 Fall MediaMark Research, Inc.

Network Profile

Founded: November 1993[1]

Subscribers (000): 39,141[2]

Viewer Characteristics[3]

Age
Median Age: 44.6 years
Age18-24: 9%
Age 25-34: 20%
Age 35-44: 22%
Age 45-54: 21%
Age 55-64: 13%
Age 65+: 15%

Sex
Men: 36%
Women: 64%
Parents: 33%

Education
High School Graduate: 35%
Attended College: 14%
Graduated College Plus: 24%
Post Graduate: 8%

Income
Median HHI: $50,314.50
HHI $50K+: 50%
HHI $75K+: 29%
HHI $100K+: 14%

Homeownership
Median Home Value: $121,307.80
Homeowners: 73%
County Size A: 51%
County Size B: 32%
County Size C: 9%
County Size D: 8%

Employment
Work Full Time: 55%
Professional/Managerial: 24%

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1 Paul Kagan & Associates.
2 Nielsen Media Research, Installed Subscriber Count, April 1999.
3 1998 Fall MediaMark Research, Inc.

HOME & GARDEN TELEVISION

Network Profile

Founded: December 1994[1]

Subscribers (000): 51,891[2]

Viewer Characteristics[3]

Age

Median Age: 45.3 years
Age18-24: 5%
Age 25-34: 19%
Age 35-44: 26%
Age 45-54: 23%
Age 55-64: 14%
Age 65+: 14%

Sex

Men: 38%
Women: 62%
Parents: 38%

Education

High School Graduate: 34%
Attended College: 31%
Graduated College Plus: 24%
Post Graduate: 7%

Income

Median HHI: $51,840.80
HHI $50K+: 52%
HHI $75K+: 27%
HHI $100K+: 13%

Homeownership

Median Home Value: $114,363.70
Homeowners: 84%
County Size A: 35%
County Size B: 38%
County Size C: 12%
County Size D: 15%

Employment

Work Full Time: 60%
Professional/Managerial: 25%

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1 Paul Kagan & Associates.
2 Nielsen Media Research, Installed Subscriber Count, April 1999.
3 1998 Fall MediaMark Research, Inc.

Network Profile

Founded: October 1991[1]

Subscribers (000): 68,964[2]

Viewer Characteristics[3]

Age
Median Age: 40.8 years
Age18-24: 11%
Age 25-34: 23%
Age 35-44: 26%
Age 45-54: 20%
Age 55-64: 11%
Age 65+: 8%

Sex
Men: 52%
Women: 48%
Parents: 40%

Education
High School Graduate: 31%
Attended College: 33%
Graduated College Plus: 27%
Post Graduate: 8%

Income
Median HHI: $52,781.40
HHI $50K+: 54%
HHI $75K+: 28%
HHI $100K+: 14%

Homeownership
Median Home Value: $114,476.90
Homeowners: 76%
County Size A: 39%
County Size B: 34%
County Size C: 14%
County Size D: 12%

Employment
Work Full Time: 65%
Professional/Managerial: 25%

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1 Paul Kagan & Associates.
2 Nielsen Media Research, Installed Subscriber Count, April 1999.
3 1998 Fall MediaMark Research, Inc.

Depth Interview Outline

Age Category: 18-24 25-54 55+

Which cable networks do you view at least once per month?
Discovery Food Network Home & Garden Television The Learning Channel

What time of day do you usually watch?

What days of the week do you usually watch?

How long do you usually watch?

How often do you usually watch?

What type of programs do you usually view?

What do you like most about these programs?

How do you feel when watching them?

How do you feel after you watch?

Do you use any of the ideas/tips/recipes presented in the programs?

What qualities of the network are most important to you?

How do you feel the networks do in meeting your expectations for quality?

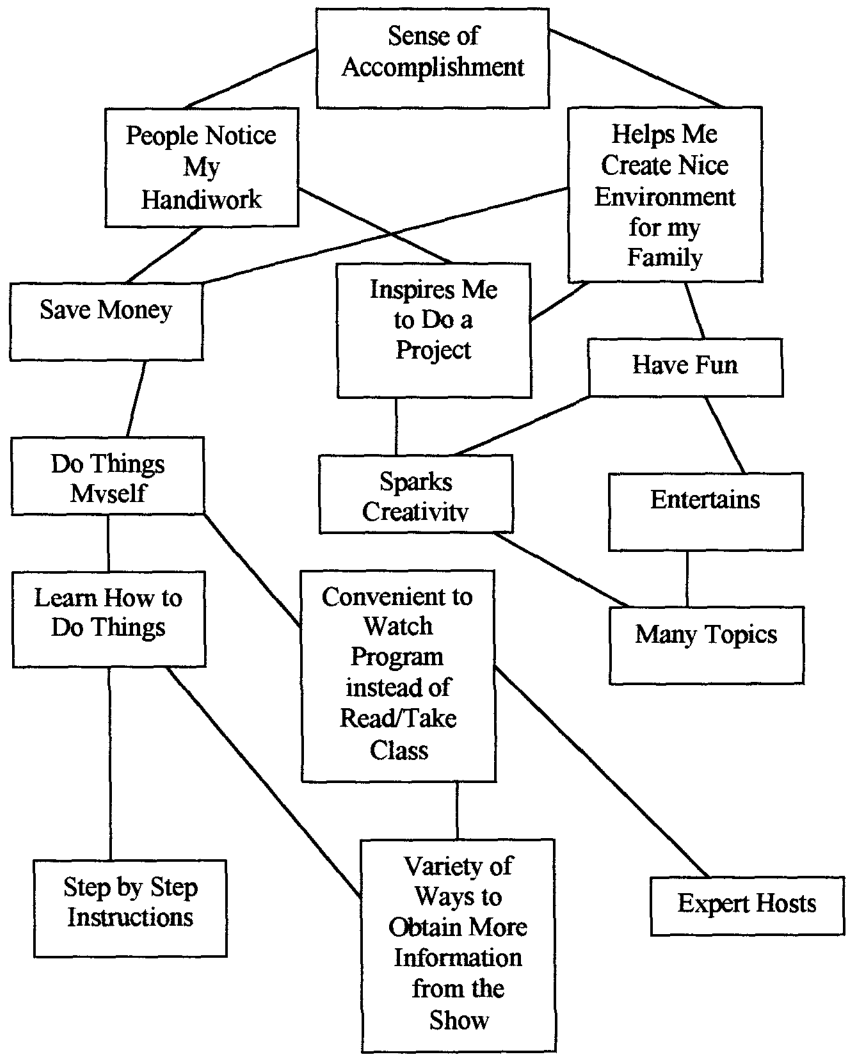
What do you feel the networks could do better?

What would make you watch more often?

What other cable networks do you view at least once per month?

Age? Sex? Occupation?
Marital Status? Own Home? Education completed?

Customer Value Hierarchy for Informational Cable Networks



This survey and its results will be used by a University of Tennessee student for educational purposes only. Please help in this learning process by completing this questionnaire. Thank you for your help and participation!

1. Do you watch at least one of the following networks one or more times per month? (Discovery, Home & Garden Television, The Learning Channel, The Food Network)

   Yes________ No________(IF NO, THANK YOU—END INTERVIEW)

2. Please rate your interest in each of the following categories:

	Very	Somewhat	A Little	Not at All
Food	1	2	3	4
Garden	1	2	3	4
Build/Remodel	1	2	3	4
Crafts	1	2	3	4
Décor/Design	1	2	3	4

3. How many hours in an average week do you spend watching informational home/garden/lifestyle programs? ____________(Provide Number)

4. During which dayparts do you normally watch informational home/garden/lifestyle programs? (Please mark all that apply)

   Weekday Morning (6a-9a)__________
   Weekday Midday (9a-12P)________
   Weekday Afternoon (12P-4P)_______
   Weekday Evening (8P-11P)_______
   Weekday Late (11P-2A)___________
   Weekend Morning (6A-9A)_______
   Weekend Midday (9A-12P)________
   Weekend Afternoon (12P-4P)_______
   Weekend Evening (8P-11P)________
   Weekend Late (11P-2A)__________

5. Please rate the following elements on how importance to your viewing of programs in the home/garden/lifestyle category. (5=very important; 1=very unimportant)

Step by Step Instruction	5	4	3	2	1
Useful Information	5	4	3	2	1
Do It Yourself Capability	5	4	3	2	1
Expert Host	5	4	3	2	1
Geared to Average Style/$$	5	4	3	2	1
Realistic Projects	5	4	3	2	1
Styles You Want	5	4	3	2	1
State-of-the-Art	5	4	3	2	1
Entertaining Host	5	4	3	2	1

6. Which network do you feel does the best overall job of meeting these needs?

Discovery________	Home & Garden TV________
The Learning Channel________	The Food Network_________

7. Have you watched The Discovery Channel in the past month?
Yes_______ No_______ (IF NO, GO TO Q.9)

8. Please rate The Discovery Channel's effectiveness in each of the following categories. (5=very effective; 1=not at all effective)

Step by Step Instruction	5	4	3	2	1
Useful Information	5	4	3	2	1
Do It Yourself Capability	5	4	3	2	1
Expert Host	5	4	3	2	1
Geared to Average Style/$$	5	4	3	2	1
Realistic Projects	5	4	3	2	1
Styles You Want	5	4	3	2	1
State-of-the-Art	5	4	3	2	1
Entertaining Host	5	4	3	2	1

9. How well do you think The Discovery Channel does overall in providing a quality viewing experience?

Excellent   Very Well   Not Good   Very Poorly

10. Have you watched Home & Garden Television in the past month?
Yes_______ No_______ (IF NO, GO TO Q.12)

11. Please rate Home & Garden Television's effectiveness in each of the following categories. (5=very effective; 1=not at all effective)

Step by Step Instruction	5	4	3	2	1
Useful Information	5	4	3	2	1
Do It Yourself Capability	5	4	3	2	1
Expert Host	5	4	3	2	1
Geared to Average Style/$$	5	4	3	2	1
Realistic Projects	5	4	3	2	1
Styles You Want	5	4	3	2	1
State-of-the-Art	5	4	3	2	1
Entertaining Host	5	4	3	2	1

12. How well do you think Home & Garden Television does overall in providing a quality viewing experience?

Excellent Very Well Not Good Very Poorly

13. Have you watched The Learning Channel in the past month?
Yes________ No________ (IF NO, GO TO Q.15)

14. Please rate The Learning Channel's effectiveness in each of the following categories. (5=very effective; 1=not at all effective)

Step by Step Instruction	5	4	3	2	1
Useful Information	5	4	3	2	1
Do It Yourself Capability	5	4	3	2	1
Expert Host	5	4	3	2	1
Geared to Average Style/$$	5	4	3	2	1
Realistic Projects	5	4	3	2	1
Styles You Want	5	4	3	2	1
State-of-the-Art	5	4	3	2	1
Entertaining Host	5	4	3	2	1

15. How well do you think The Learning Channel does overall in providing a quality viewing experience?

Excellent Very Well Not Good Very Poorly

16. Have you watched The Food Network in the past month?
Yes_______ No_______ (IF NO, GO TO Q.18)

17. Please rate The Food Network's effectiveness in each of the following categories. (5=very effective; 1=not at all effective)

Step by Step Instruction	5	4	3	2	1
Useful Information	5	4	3	2	1
Do It Yourself Capability	5	4	3	2	1
Expert Host	5	4	3	2	1
Geared to Average Style/$$	5	4	3	2	1
Realistic Projects	5	4	3	2	1
Styles You Want	5	4	3	2	1
State-of-the-Art	5	4	3	2	1
Entertaining Host	5	4	3	2	1

18. How well do you think The Food Network does overall in providing a quality viewing experience?

Excellent Very Well Not Good Very Poorly

19. Your Gender: Male______ Female______

20. Your Age: 18-34______ 35-54______ 55+________

21. Your Household Income: Under $24,999______ $25,000-49,999______
$50,000-74,999_____ $75,000-99,999_____ $100,000+_________

22. Home Ownership: Own________ Rent__________

23. Marital Status: Single_______ Married________ Divorced________ Widowed________

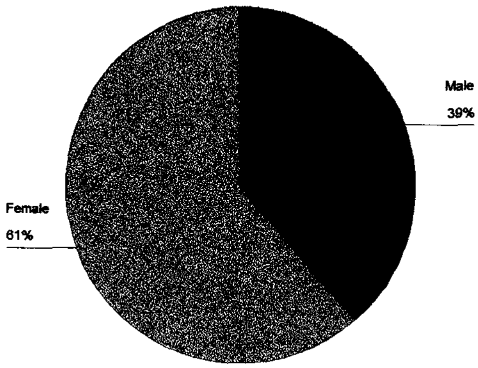
24. Number of Children in the Home: Zero________ One_______ Two______
Three______ Four or more_______

25. Highest Education Level Completed: Grade School________ High School_______
Some College________ College Graduate________ Graduate School_______

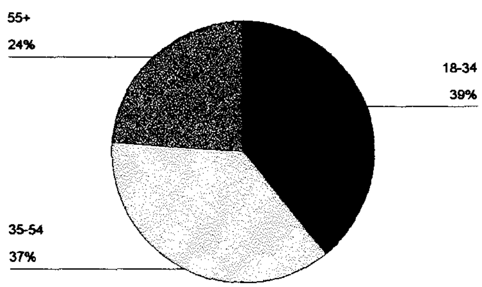
26. Please describe the area in which you live: Urban______ Suburban_____ Rural_______

Appendix C: Charts of Survey Data

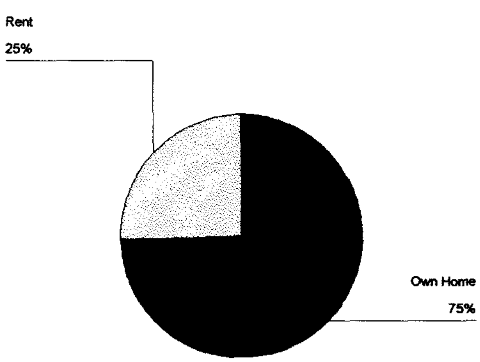
Sex of Survey Respondents



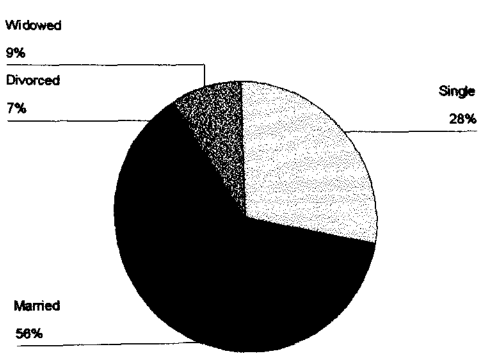
Age of Survey Respondents



Survey Respondent Homeownership Status

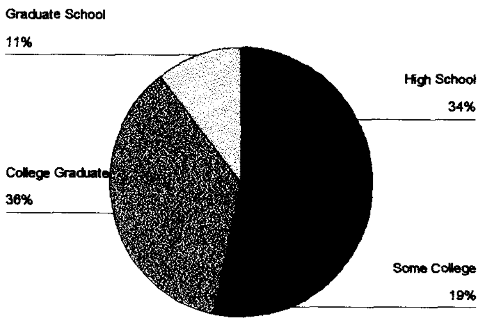


Marital Status of Survey Respondents

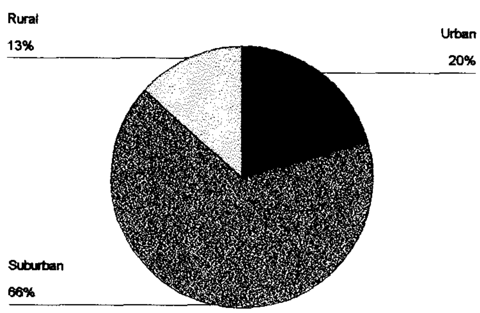


Appendix C: Charts of Survey Data

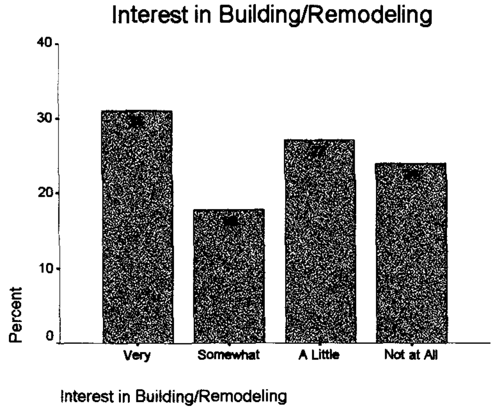
Education Level of Survey Respondents



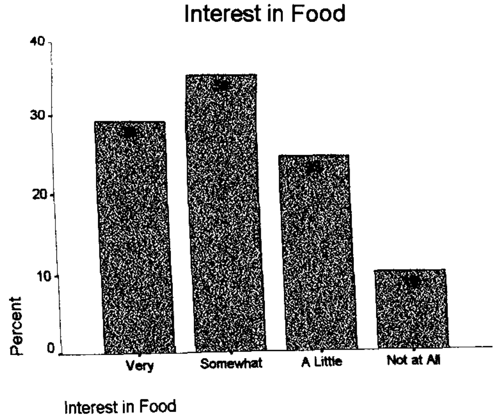
Residential Area of Survey Respondents



Interest in Building/Remodeling

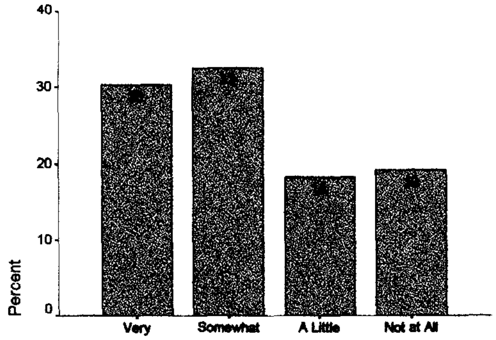


Interest in Food



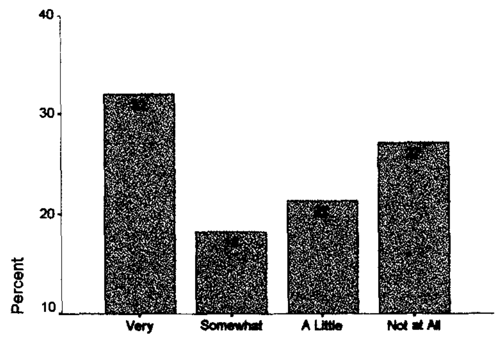
Appendix C: Charts of Survey Data

Interest in Gardening



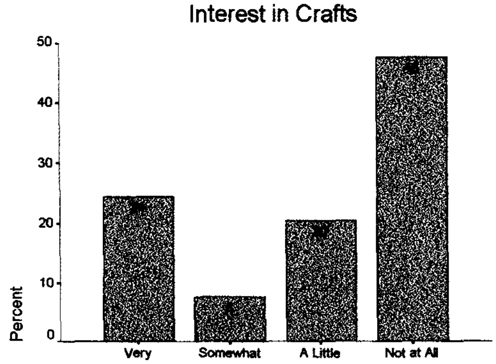
Interest in Gardening

Interest in Decorating



Interest in Decorating/Design

Interest in Crafts



Interest in Crafts

Importance Ratings for Category Television Attributes